



## Senate

General Assembly

**File No. 568**

February Session, 2014

Substitute Senate Bill No. 341

*Senate, April 16, 2014*

The Committee on Appropriations reported through SEN. BYE of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING PROFESSIONAL FEES FOR  
ADMINISTRATION OF THE RETIRED TEACHERS' HEALTH  
INSURANCE PREMIUM ACCOUNT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 10-183t of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2014*):

4 (d) The Treasurer shall establish a separate retired teachers' health  
5 insurance premium account within the Teachers' Retirement Fund.  
6 Commencing July 1, 1989, and annually thereafter all health benefit  
7 plan contributions withheld under this chapter in excess of five  
8 hundred thousand dollars shall, upon deposit in the Teachers'  
9 Retirement Fund, be credited to such account. Interest derived from  
10 the investment of funds in the account shall be credited to the account.  
11 Funds in the account shall be used for (1) payments to boards of  
12 education pursuant to subsection (c) of this section and for payment of  
13 premiums on behalf of members, spouses of members, surviving

14 spouses of members or disabled dependents of members participating  
15 in one or more health insurance plans pursuant to subsection (a) of this  
16 section in an amount equal to the difference between the amount paid  
17 pursuant to subsection (a) of this section and the amount paid  
18 pursuant to subsection (c) of this section, and (2) payments for  
19 professional fees associated with the administration of the health  
20 benefit plans offered pursuant to this section of not more than [one]  
21 three hundred fifty thousand dollars annually. If, during any fiscal  
22 year, there are insufficient funds in the account for the purposes of all  
23 such payments, the General Assembly shall appropriate sufficient  
24 funds to the account for such purpose.

25 Sec. 2. Section 10-183r of the general statutes is repealed and the  
26 following is substituted in lieu thereof (*Effective July 1, 2014*):

27 (1) Except as provided in subdivision (3) of this [subsection] section,  
28 all expenses of the administration of the system, exclusive of payment  
29 of benefits, shall be paid for out of amounts appropriated by the  
30 General Assembly on certifications and recommendations submitted  
31 by the board.

32 (2) The cost of all benefits payable from the system shall be paid out  
33 of the retirement fund which shall consist of contributions paid by  
34 members, appropriations by the General Assembly based upon  
35 certifications and recommendations submitted by the board, the  
36 proceeds of bonds held by the system under section 10-183m, the  
37 proceeds of bonds issued pursuant to section 10-183qq and earnings of  
38 the system.

39 (3) Professional fees associated with the administration of the health  
40 benefit plans offered pursuant to section 10-183t, as amended by this  
41 act, of not more than [one] three hundred fifty thousand dollars  
42 annually may be paid for out of the retired teachers' health insurance  
43 premium account established pursuant to said section 10-183t.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2014</i>	10-183t(d)
Sec. 2	<i>July 1, 2014</i>	10-183r

**APP**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 15 \$</b>	<b>FY 16 \$</b>
Teachers' Retirement Bd.	Non-Appropriated Teachers' Health Insurance Premium account - Cost	160,000	See Below

***Municipal Impact:*** None

#### ***Explanation***

The bill has no fiscal impact to the Teachers' Retirement Board (TRB) agency budget. The bill raises the annual cap from \$150,000 to \$350,000 on the amount the TRB may spend for outside professional fees from the Teachers' Health Insurance Premium account (also referred to as the Retiree Health Fund - a non-appropriated, non-lapsing account). This change allows the TRB greater flexibility to engage necessary healthcare consulting services. The TRB utilizes a healthcare consultant to maintain benefits and control plan costs. It is anticipated that the TRB will spend approximately \$310,000 in FY 15 for outside professional fees from the account. This includes \$100,000 for health plan consultant and \$200,000 for prescription plan claims audit. This is an increase of \$160,000 over the amount allowed under current law. In FY 16, the agency will only have the annual health plan consultant expense which may exceed the current \$150,000 cap. The cost for healthcare consulting has been paid from the Retiree Health Fund since 2010. The FY 14 fund balance is approximately \$100 million.

#### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: *Connecticut Administrative Reports*  
*Core-CT Financial Accounting System*

**OFA Bill Analysis****sSB 341****AN ACT CONCERNING PROFESSIONAL FEES FOR ADMINISTRATION OF THE RETIRED TEACHERS' HEALTH INSURANCE PREMIUM ACCOUNT.****SUMMARY:**

The bill increases from \$150,000 to \$350,000 the cap on health care consultant costs that may be paid from the Retired Teachers' Health Insurance Premium account.

EFFECTIVE DATE: July 1, 2014

**BACKGROUND****Retired Teachers' Health Insurance Premium Account**

The account receives money from the following sources: state appropriations, retiree payments, and active teacher contributions. The account pays for all cost associated with the TRB health insurance plan and the municipal subsidy.

The following table provides a recent history of the account balance.

**Retired Teachers' Health Insurance Premium Account Balance**

Date	Amount \$
6/30/2010	66,072,302
6/30/2011	55,055,497
6/30/2012	91,776,617
6/30/2013	102,974,330

Additionally, CGS 10-183t(d) specifies that if the money in the fund is insufficient for all such required payments, the General Assembly shall appropriate sufficient funds.

**TRB Health Care Consultant**

The TRB health care consultant provides the agency with services such as calculating the premium equivalent, preparing cost analysis on health plan changes, writing the RFP's for health care vendor services, maintaining the health fund model used for forecasting financial needs for benefits and providing Health Insurance Portability and Accountability Act (HIPAA) training for TRB staff.

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable Substitute

Yea    49    Nay   0    (04/01/2014)